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**NEW APPROACH TO OUTSOURCING A SUCCESS  
WITH TELSTRA'S LEGAL DEPARTMENT**

**MELBOURNE, 20th May 2003** – For the first time companies can measure and quantify the strategic value of their intellectual capital (IC) according to Mr Ryk Bliszczyk, Director of Melbourne-based consultants, Gen Group.

“Our model is unique,” said Mr Bliszczyk, “and as a result of the new techniques, enterprises can now take strategic action based on the value of their IC”.

For instance, Gen Group has been working with Telstra quantifying critical functions of its legal and regulatory teams.

With a large team, the Telstra Legal & Regulatory BU wanted to be able to identify and quantify the value that it was adding to the company and, in particular, ensure that it was focusing on adding strategic value. Gen Group conducted a study, which found intellectual capital value contributed approximately 90 percent of the total strategic benefits provided by Telstra's L&R.

All service functions within large corporates – IT, Legal, HR, Finance, etc – add some form of direct value to their corporate parent. Typically this results from the combination of easy accessibility to a resource that has lower direct costs than fully outsourcing the service.

What Gen Group revealed was that the overwhelming bulk of the strategic value and benefit actually comes from developing, accessing and leveraging, the intellectual capital that a service function can build specific to the needs of the corporation.

“As a result of this study Telstra’s Legal & Regulatory team gained a new perspective of how it adds value to the company. It also allowed the team to more efficiently manage its costs by rebalancing the mix of resources between in-house and outside lawyers to ensure each were used in a way that maximised their value add,” says Christine Morgan, Executive General Manager of Telstra’s L&R . “We’ve been able to improve the efficiency of providing legal services to the company and understanding where to keep our focus.”

Gen Group also identified a list of indirect value factors, “X factors,” that currently defy measurement.

The list includes such things as avoidance of threatened/potential litigation, avoidance of threatened/potential regulatory action, efficiency and effectiveness in issue resolution, risk identification, management and minimisation.

A source of direct value is savings gained by in-house counsel managing outside lawyers. In-house counsel give more focused instructions as they have a clearer understanding of the issues that need to be resolved, and are better placed to manage the output from the external lawyers. They are able to monitor performance and output of the external lawyers from a professional as well as commercial perspective.

Gen Group’s work at Telstra has been endorsed by the General Counsel Roundtable (GCR), further details available at [www.generalcounselroundtable.com](http://www.generalcounselroundtable.com) and was acknowledged in an article in the May 2003 edition of California Law magazine.

Gen Group Consultants is a boutique management consultancy providing strategic consulting services to large organisations. Gen Group’s primary focus is to assist leaders to work with, and build new organisational value through growth and the ability to adapt to a constantly changing business environment.

**For further information contact:**

Ryk Bliszczyk, Director Gen Group Consultants Pty Ltd (03) 9639 0060 (BH) or 0417 711 711 (AH) or

Teryle Kemp, Executive Assistant Gen Group Consultants Pty Ltd (03) 9639 0060 (BH) or 0417 500731(AH).

Email: [gen@gengroup.com.au](mailto:gen@gengroup.com.au) [www.gengroup.com.au](http://www.gengroup.com.au)